

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 /086 W
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R 091158Z MAY 77
FM AMEMBASSY THE HAGUE
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USMISSION OECD PARIS

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E.O. 11652: N/A
TAGS: ECON, NL
SUBJ: ECONOMIC EXPERTS STRESS PROFITS AS CURE FOR UNEMPLOYMENT

1. A COMMITTEE OF SIX ECONOMIC EXPERTS OF THE TRIPARTITE SOCIAL ECONOMIC COUNCIL (SER) HAS ISSUED A STUDY URGING AN ALL OUT EFFORT TO IMPROVE BUSINESS PROFITS AS THE BEST WAY TO REDUCE UNEMPLOYMENT IN THE NETHERLANDS. THE COMMITTEE SAID THAT PRESENT GOVERNMENT POLICY WOULD NOT ACHIEVE ITS OBJECTIVE OF REDUCING UNEMPLOYMENT TO 150,000 BY 1980. IT SAYS GOVERNMENT POLICY SHOULD DEVOTE NEARLY ALL ECONOMIC GROWTH TO PROFITS BY FREEZING (REAL) WAGES AND GOVERNMENT SPENDING, INCLUDING SOCIAL SECURITY. IMPROVED PROFITS WOULD LEAD TO INCREASED INVESTMENT WHICH IN TURN WOULD CREATE NEW JOBS, ACCORDING TO THE COMMITTEE.

2. THE COMMITTEE WAS MADE UP OF ECONOMISTS FROM THE LIBERAL (VVD), CHRISTIAN DEMOCRAT (CDA) AND LABOR PVDA) PARTIES, INCLUDING A DIRECTOR OF THE NETHERLANDS BANK AND THE DIRECTOR OF THE CENTRAL PLANING BUREAU (WHICH HAS RECENTLY ISSUED OFFICIAL PROJECTION THAT
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GOVERNMENT POLICY WOULD BRING ABOUT DESIRED FALL IN NUMBER OF JOBLESS).

3. REPORT HAS RECEIVED CONSIDERABLE ATTENTION IN PRESENT CAMPAIGN FOR MAY 25 ELECTIONS. COMMENT ON THE REPORT HAS BEEN QUICK AND PREDICTABLE. LIBERALS AND EMPLOYERS ORGANIZATIONS HAVE CALLED IT "COURAGEIOUS"

AND "REALISTIC". LABOR ORGANIZATIONS HAVE ATTACKED IT FOR PLACING "UNLIMITED AND UNFOUNDED" CONFIDENCE IN MARKET ECONOMICS AND BECAUSE THERE ARE NO GUARANTEES THAT HIGHER PROFITS WOULD INCREASE INVESTMENTS. PRIME MINISTER DEN UYL HAS SAID IT IS TOO ONE SIDED AND TRADITIONAL AND WILL THUS REMAIN CONFINED TO ACADEMIC CHAMBERS. CDA LEADER VAN AGT CRITICIZED THE REPORT FOR FAILING TO TAKE INTO ACCOUNT THE SOCIAL CONSEQUENCES OF ITS RECOMMENDATIONS.

4. ACTUAL EFFECT OF REPORT ON CURRENT POLITICAL CAMPAIGNS SHOULD BE SMALL, BUT PARTIES CAN BE EXPECTED TO TRY TO USE IT TO ROUSE VOTERS. DESPITE THEIR PUBLIC CRITICISM OF THE REPORT, LABOR PARTY LEADERS MIGHT DRAW SOME SATISFACTION FROM ASSOCIATION OF LABOR ECONOMIST WITH REPORT, WHICH COULD HELP RESTORE IMAGE OF PARTY WITH ITS MORE MODERATE SUPPORTERS. LIBERALS CAN BE EXPECTED TO EXPLOIT SIMILARITY OF THEIR POLICIES TO REPORTS RECOMMENDATIONS.

5. COMMENT: MOST MEMBERS OF PRESENT GOVERNMENT HAVE LONG BEEN AWARE OF NEED TO IMPROVE PROFITS OF DUTCH BUSINESS, BUT THEY HAVE AVOIDED STATEMENTS AS BLUNT AS SERS AND HAVE FOUND IT POLITICALLY UNDESIRABLE TO IMPOSE SUCH STRINGENT POLICIES. THE SERS REPORT, AND THE ATTENTION IT GETS IN THE CAMPAIGN, SHOULD MAKE SUCH ACTIONS EASIER FOR THE NEXT GOVERNMENT, WHATEVER ITS FORM.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC RECOVERY, CONSULTANTS, STUDIES, ECONOMIC PROGRAMS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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